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**6 SEM TDC FSA 2 (Sp)**

**2015**

( May )

**COMMERCE**

( Speciality )

Course : 602

**( Financial Statement Analysis )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. (a) Fill in the blanks with appropriate word(s) : 1×5=5

(i) Financial Statement Analysis helps to measure \_\_\_\_\_ (operating efficiency / management efficiency / employees' efficiency).

(ii) GAAP stands for \_\_\_\_\_.

- (iii) Reporting of Corporate Governance reflects \_\_\_\_ (company management / earning status / socio-economic status).
- (iv) The Institute of Chartered Accountants of India (ICAI) has decided to adopt IFRS in India from \_\_\_\_ (2011 / 2012 / 2013).
- (v) According to IFRS, banking companies are to adopt \_\_\_\_ (Fair Value Accounting / Historical Value Accounting).
- (b) State whether the following statements are True or False : 1×3=3
- (i) Financial Statement Analysis is an important means of assessing past performance and planning future performance.
- (ii) The new name for standards issued by the IASB is International Financial Reporting Standards (IFRS).
- (iii) Higher the price earning ratio, better it is, as it indicates growth of the company.

2. Write short notes on any *four* of the following : 4×4=16

- (a) Comparative Statement
- (b) Significance of Solvency Ratio
- (c) Reporting of Corporate Governance
- (d) RBI Guidelines regarding Financial Reporting of Banks
- (e) Activity Ratio
- (f) Value-added Statement

3. (a) What is meant by Analysis of Financial Statement? How and in what way prospective investors are benefited through such analysis? 4+7=11

Or

- (b) Discuss different types of Financial Statement. 11

4. (a) From the following Balance Sheet of Assam Co. Ltd. as on 30th June, 2014, calculate the following : 3×4=12

- (i) Debt to Equity Ratio
- (ii) Current Ratio
- (iii) Quick Ratio
- (iv) Working Capital Turnover Ratio

*Balance Sheet of Assam Co. Ltd.  
as on 30th June, 2014*

<i>Liabilities</i>	<i>₹</i>	<i>Assets</i>	<i>₹</i>
Equity Share	28,000	Goodwill	13,600
Capital Reserve	5,600	Fixed Assets	39,200
12% Loan	22,400	Stock	8,400
Creditors	11,200	Debtors	8,400
Bank Overdraft	2,800	Short-term	
Provision for Taxation	5,600	Investment	4,800
Profit & Loss A/c	8,400	Cash in Hand	4,800
		Underwriting	
		Commission	4,800
	84,000		84,000

*Additional Information :*

Sales—₹ 25,200



Or

- (b) What are the categories under which various ratios are grouped? What purposes are served by profitability ratios? 6+6=12

5. (a) Define Financial Reporting. Discuss the qualitative characteristics which make Financial Reporting more useful for its users. 4+7=11

Or

- (b) What do you mean by 'social benefits' and 'social costs'? What suggestions would you give to improve the disclosure practices in reporting of corporate social responsibility? (4+4)+3=11

6. (a) Discuss the purpose underlying the issue of an Accounting Standard. How has Global Accounting Standards (IFRS) affected Indian GAAP? 7+4=11

Or

- (b) What do you mean by International Financial Reporting Standard (IFRS)? Describe the role played by the ICAI in convergence of Indian GAAP with IFRS.

5+6=11

7. (a) Discuss the suggestions made by RBI's Advisory Group on Accounting and Auditing in Financial Reporting of Banks and FIs. 11

Or

- (b) Explain the following : 6+5=11

(i) IFRS-4

(ii) Financial Reporting of NBFC as per RBI's Guidelines

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